



CALPEEK

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ENERGY & POLITICS: CA's UN-CROWDED HIGHWAYS

Editor's note: Most of Calpeek's reports about "energy" have focused on Calif.'s electricity/power crisis. This week we'll take a brief look at *oil, autos and travel* and what impact the Sept. 11th terror attack has had upon Calif...

...Although we haven't seen any recent polls on oil drilling, a Bloomberg News poll taken May 29-June 3 (1,208 adults) showed 66% favored *more drilling* in the U.S. for oil and natural gas. But a few weeks later an NBC/WSJ survey asked whether the U.S. should allow drilling in Alaska's oil-rich Arctic Nat'l Wildlife Refuge(ANWR). 50% were opposed, 43% in favor and 7% no opinion...

...ANWR is still a key element in President George Bush's energy program. And given the worldwide situation since Sept. 11th, the Bush Admin. is nervous about the stability of the key oil-producing countries of the Persian Gulf, especially Saudi Arabia...

...Thus it was NOT a shock when on Oct. 16th our sources say U.S. Energy Sec. Spencer Abraham told a group of GOP U.S. Senators that ANWR was essential because the country was in a *national energy emergency*. Guess that means Abraham is pushing *energy independence* from Mid-Eastern oil. But even if the U.S. Congress were to approve ANWR drilling tomorrow it would take 5-10 years before we'd have regular production. So ANWR isn't the answer if the U.S. is truly in an energy emergency situation...

...A much quicker solution to cutting U.S. dependence on foreign oil is to *improve car/SUV gasoline mileage*. Improved mileage could cut motor fuels use by 3-4 million barrels of oil per day. FYI: the U.S. imports 1.7 million barrels of oil per day from Saudi Arabia. But unless the Bush Admin. takes the lead and requires an increase in auto efficiency, it's not going to happen...

...Now to Calif. Turns out that since Sept. 11th (actually just after Labor Day), there was a *large drop in demand* for both gasoline and for jet fuel. The drop in demand was because more Californians were sticking closer to home -

not traveling, either by air or car. The good news for consumers is lower gasoline prices at the pump: as of 10/11/01, average cost for regular/unleaded in No. Calif. was \$1.51 per gallon vs. \$1.42 in the Central Valley vs. \$1.52 in So. Calif. Average price in the U.S. for gasoline was \$1.30. Why the big difference? Calif. requires the use of reformulated gasoline (it's a clean air requirement, but is more expensive to refine)...

...FYI: **Tourism Over Terror**. That's a idea being pushed by L.A. businesswoman Noel Irwin Hentschel, who owns AmericanTours International. She recently met with U.S. Commerce Sec. Don Evans and urged him to consider an Office of Tourism to promote foreign travel to the U.S. and to promote domestic tourism. Hentschel believes this is one of the keys to getting the U.S. economy moving once again. She's also in favor of a \$100 million U.S. marketing effort to promote U.S. tourism, using tv ads featuring celebrities and perhaps even Pres. Bush and Sec. of State Colin Powell. Hentschel said that whenever Pres. Bush goes on tv to urge Americans to resume their normal routines, travel goes UP. She also noted that when AG John Ashcroft went on tv and talked about *bio-terrorism*, tourism went in the tank. Stay tuned...

CAMPAIGN 2002: THE GOP PRIMARY BATTLE FOR GOVERNOR PUTS RICHARD RIORDAN ON HOT SEAT.

Editor's note: The attention span of Calif. voters is minimal at best, but under the current circumstances of Sept. 11th the situation could get even worse. It is against this background that Calpeek continues to examine the gubernatorial campaigns of Republicans Bill Jones, Bill Simon Jr. and Richard Riordan. Here is our analysis & commentary...

...Outward appearances can be deceptive. This is especially true in politics. And even political insiders can sometimes be fooled. Take the case of former L.A. Mayor Riordan. There's no question he's the frontrunner right now in this 3-way battle. He's due to make a formal announcement on Nov. 6th. If one looks at his exploratory effort, it appears to be running smoothly - good fundraising, ahead in the polls,

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good name ID. But appearances can be deceptive. And in this case, Calpeek sources say the Riordan Exploratory effort is in a *state of chaos*, with no focus and no leadership to guide the campaign. Most important, there's no strategy to solidify/unify the GOP base for the primary. The belief among Riordan supporters is that this period of instability will be over very soon. However...

... One of the problems Calpeek had in putting this story together was that the key personnel within the Riordan Exploratory committee keeps changing. First to go was Exploratory Director Dan Schnur. He left the Riordan team in September, sooner than anticipated. And Calpeek sources suggest Schnur's departure wasn't exactly all smiles...

... On Oct. 16th, Schnur's deputy, Fiona Hutton, abruptly resigned. Why did she leave? Our sources say Hutton was frustrated with the micro-managing efforts of Riordan and his wife, Nancy Daly Riordan. Whatever the case, finding a daily manager for Riordan continues to be a key problem. Noellia Rodriguez (former deputy mayor and now press secretary to Laura Bush) said NO and so did Ann D'Amato, Riordan's former scheduling aide. Neither had the kind of experience needed, but Riordan trusted them. So who's in charge of daily campaign activities???

... The temporary answer is former Demo campaign consultant turned S.F. businessman Clint Reilly and Don Sipple, GOP media consultant. They are now *The Political Odd Couple* (Reilly ran Kathleen Brown's '94 effort vs. Sipple who ran Pete Wilson's '94 reelection). Reilly and Sipple, plus GOP consultants Wayne Johnson, Kevin Spillane, Joe Rodota, Joel Fox, chief fundraiser Alice Borden, finance chair Mark Chapin Johnson and finance director Joann Davis are all part of the so-called *kitchen cabinet*, along with Nancy Daly Riordan. She is to Riordan what Nancy Reagan was to Ronald Reagan. Key difference between the two Nancys: Nancy Daly Riordan is a liberal Demo...

... The big problem here is that with the exception of Reilly (who ran Riordan's first campaign for mayor) and Borden, Riordan is surrounded by consultants he's not familiar with. And how compatible are these consultants with each other? Sources say there's lots tension among this group. And most of Riordan's team are moderates, with the exception of Fox and Wayne Johnson. How will this play out – especially given Riordan's stand on social issues? And how will the selection of Mark Chapin Johnson play with the GOP base in voter-rich Orange Co., where he and conservatives hate each other??? Is Riordan giving a digital salute to the GOP's conservative base???

... More problems. Riordan named Rick Hernandez, head

of Inter-Con Security Systems (and a former L.A. Police Commissioner) as his campaign chair. But Hernandez has no campaign experience and thus he's not expected to do heavy political lifting. But he did do one thing Riordan requested: sources say on Sept. 28th Hernandez met with Simon in another effort to persuade Simon to leave the primary. The effort was a bust and Calpeek sources say Simon was POed big time...

... Despite these problems, there are some who say they'd still rather be in Dick Riordan's position vs. Jones or Simon. And that's because Sept. 11th has changed Calif. politics...

... FYI: the one day Calif. Republican Party (CRP) convention on Oct. 27th at the Westin LAX Hotel will give Jones another opportunity to open up on Riordan. Jones, who has been on a statewide tour pumping his ideas for agriculture, is expected to carpet bomb Riordan at the CRP gathering. His ammo: \$\$ to Demos from Riordan. Jones sources say they are slowly "peeling off the Emperor's clothes." Stay tuned...

CAMPAIGN 2002: CALIFORNIA INITIATIVE UPDATE.

Editor's note: There are 5 initiatives circulating, trying to make the November 2002 ballot. Here's a brief update & chart...

Name	Deadline	Statute or C/A
Natural Gas	10/26/01	C/A
Term Limit Requirements	12/10/01	Statue
Alcoholic Beverages Surtax	2/11/02	Statue
Genetically Engineered Foods	2/11/02	Statue
Beginning of Life	2/22/02	Statue

... In addition to the above, there are 6 initiatives pending at the AG's office for Title & Summary. These include: *The People's Gaming Act* by Robert W. Wilson... *Initiative Regarding Clemency Process* by Allen Jones... *Life Begins at Conception* by Clifford R. Graf... *State Grand Juries* by Ralph D. Morrell... *Racial Privacy Initiative* by Kevin Nguyen... and *Accuracy in Presidential Voting Act of 2002* by Matthew G. Monforton...

On the Mar. 5, 2002 Primary Ballot

... Thus far there are now 5 measures on the Mar. 5, 2002 ballot (all placed there by the CA Legislature): 1) Insurance Fraud; 2) Transportation Funding (ACA 4); 3) Right to have vote counted (ACA 9); 4) \$200 million bond to improve county voting systems (AB 56 by Kevin Shelley); and 5) \$2.6 billion bond for parks (AB 1603 by Fred Keeley). And there is one initiative still being counted (term limit reform). Stay tuned...

CALPEEK – P.O. BOX 1468, BEVERLY HILLS, CA 90213

CAMPAIGN 2002: FOLLOW THE CAMPAIGN MONEY.

Editor's note: Here's another update on Calif. campaign funding for the candidates seeking Statewide office. These reports are from the 7/01/01 to 9/30/01. We'll show the name of the candidate, the amount raised during the period and the Cash-On-Hand(COH). This info came directly from the CA Secretary of State's website. In those cases where a candidate has more than 1 fundraising committee, we'll make a note. Incumbents = (I)...

Governor	<u>\$\$ RAISED</u>	<u>CASH ON HAND</u>
Gray Davis(D-I)	\$2,781,672	\$30,763,095
Richard Riordan(R)	\$2,650,619	\$ 2,347,441
Bill Simon Jr.(R)	\$ 436,671	\$ 2,120,311
Bill Jones(R)	\$1,002,017	\$ 1,264,870

Lt. Governor

Cruz Bustamante(D-I)	\$ 421,988	\$ 1,267,497
Bruce McPherson(R)	\$ 354,793	\$ 344,965*

* McPherson also has \$140,347 in another account.

Treasurer

Phil Angelides(D-I)	\$ 1,946,555	\$ 2,698,679
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Attorney General

Bill Lockyer(D-I)	\$ 179,253	\$ 3,949,107
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FYI: If Assemblyman Rod Pacheco(R) runs for AG, he'll have \$547,090 coh (from a State Senate account).

Secretary of State

Michela Alioto(D)		\$ 42,091
March Fong Eu(D)	\$ 150,206	\$ 141,974
Kevin Shelley(D)	\$ 150,188	\$ 1,145,507
Keith Olberg(R)	\$ 35,295	\$ 608,137

Controller

Steve Westly(D)	\$ 671,788	\$ 1,963,155
Johan Klehs(D)	\$ 143,883	\$ 473,084
Dean Andal(R)	\$ 124,967	\$ 840,969*
Tom McClintock(R)	\$ 436,314	\$ 500,813

* This total is from 2 different Andal committees.

Insurance Commissioner

Tom Calderon(D)	\$ 474,620	\$ 1,083,163
John Garamendi(D)	\$ 154,904	\$ 126,064
Tom Umberg(D)	\$ 112,924	\$ 1,621,328*

* Of this total, \$1.5 million are in loans to Umberg.

Superintendent of Public Instruction

Lynn Leach(R)	\$ 30,432	\$ 176,621
Jack O'Connell(D)	\$ 215,202	\$ 1,612,438

...FYI: CA Controller Kathleen Connell(D), who is termed out, reported \$1,606,835 coh. Board of Equalization members John Chiang(D) reports \$169,040 coh; Claude Parrish (R) has \$116,079 coh. Assemblyman Bill Leonard(R), who is seeking Andal's seat, reports \$112,161 coh. Assemblywoman Carole Migden(D) who is seeking the open Klehs BOE seat, reports \$343,973 coh, but also has \$956,947 in a second campaign account (assembly). Stay tuned...

FULL METAL JACKET: DAVIS SIGNS KEY GUN BILLS.

Editor's note: There has always been a very obvious link between guns and politics, especially in Calif. And for Gov. Gray Davis(D), who is one of the most deliberate and careful politicians, the signing of several key GUN bills came almost at the very last hour. Here's our report & analysis...

...As Calpeek has noted in previous *Full Metal Jacket* stories, the high profile bills in this session were **SB 52** by Sen. Jack Scott(D-Pasadena) and **AB 35** by Assemblyman Kevin Shelley(D-S.F.). The bills are *identical* and require that beginning in 2003 persons who plan to acquire a handgun must supply a thumbprint and proof of residency; pass a written exam; and show that they can safely handle the hand-gun they are acquiring. If the new gun owner passes, he gets a certificate which allows him/her to get the gun. This is on top of the existing 10-day waiting/registration process. Both bills were heavily amended numerous times before the final product came up for a vote. And before Gov. Davis would sign them, he needed assurances from his law enforcement supporters that the bills were OK. The bills contain a number of benefits for legitimate gun owners. These *goodies* were requested by Demo gun gurus Irwin Nowick & Bill Cavala. In reality, 35/52 reflect 90% what most gun dealers now require before they will deliver a gun to a potential owner...

...More significant in terms of impact, however, is **SB 950** by Senate GOP Leader Jim Brulte of Rancho Cucamonga. This particular bill was sponsored by AG Bill Lockyer(D). This bill, subject to funding in next year's budget, will create a data base to cross-check handgun registration against a data base which contains info about those individuals who are now ineligible to possess a handgun. This is important because Lockyer estimates there are at least 200,000 registered handgun owners who at one time did NOT have a disqualifying record, but now they DO. And Lockyer wants to disarm these people...

...SB 950 sailed through the Legislature with the support of law enforcement, gun control groups and the gun lobby. A big issue, however, is the cost of implementing SB 950. Some estimate the cost of full implementation as high as

\$30 million. While doing the cross-check system only costs \$3 million, the only way now to really know whether delivery of a handgun took place is to compare state records with federal records. This requires many hours of manual review and that's what is so costly. One thing is for certain: if Gov. Davis doesn't fund SB 950, Lockyer will go ballistic and it could be used against Davis in 2002. Stay tuned...

CALPEEK'S CONSULTANTS DIRECTORY ON SALE

Calpeek's 2001-02 *Directory of Campaign Consultants* is off the press and ready for sale. There are about 300 listings in the Directory. Cost is \$30. Checks only. No credit cards and no invoicing. The Directory will only be sold via subscription to current Calpeek subscribers. Send payment with your name, address, etc. (please type or print clearly) to Calif. Political Week or Calpeek, P.O. Box 1468, Beverly Hills, CA 90213. FYI: in most cases we're mailing the Directory in a White 10x13 envelope, with our return address clearly marked on the upper left corner...

CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **Calif.'s Un-Crowded Skies** – A brief follow-up on last week's story. United Airlines has announced that it will cut its flights from LAX by 40%. Prior to 9/11/01, UAL had 178 flights per day. Beginning 10/31/01, only 104 flights per day. United Express, UAL's commuter service, will pick up some of the business...

■ **L.A.'s 4th Council Special Election** – The special election is Oct. 23rd and it's a total toss up between former L.A. Community College Trustee Beth Garfield and L.A. City Hall insider Tom LaBonge. Garfield has been pounding LaBonge on cable tv and it has only been recently that LaBonge has responded with attack ads against Garfield. A very nasty tone indeed. Garfield's decision to pump lots of her own money (\$350,000) into the race has lifted the spending caps. Sources say LaBonge will be competitive on the spending front (with an assist from city matching funds). In other words, Sept. 11th hasn't hurt LaBonge's fundraising. A poll taken for Garfield several weeks ago showed LaBonge in front by 4 points, but sources believe that slim LaBonge advantage has been cut by Garfield's heavy attack campaign. FYI: Image Associates (Dan Blackburn) has produced radio spots for two IE efforts on behalf of LaBonge. The IE groups are Professional Managers of L.A. and Filmmakers for New City Leadership...

■ **Fluoride on Ballot in Modesto** – On Nov. 5th voters in Modesto will be facing Measure M – whether or not to

add fluoride to the city's water supply. Fluoride is supposed to help prevent tooth decay. And while cities such as L.A., San Diego, Sacramento and Sunnyvale have added fluoride, as far as Calpeek can tell, there are no cities in Orange Co. or the Inland Empire which have followed these other cities. Why? Same thing in Modesto. You've got folks who still believe that fluoride is a commie plot. It should be noted that putting fluoride in the water requires some rather costly equipment and part of the cost is picked up by grants from the Calif. Endowment, through the Calif. Fluoridation Task Force. What will happen in Modesto? Toss up...

CALPEEK'S NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook...

● The pr/pa firm BSMG Worldwide has changed its name to Weber Shandwick Worldwide...

● Former CHP Commissioner Maury Hannigan has joined ACS (subsidiary of Lockheed Martin IMS), where he will serve as head of ACS's Public Safety Solutions division...

● Real estate exec. and former L.A. mayoral candidate Steve Soboroff has been named president of Playa Vista, a big multi-use land project on L.A. City's Westside...

● Andre W. Lewis has been named deputy political director for the Gov. Gray Davis Cmt. Since 2000, he has been COS to U.S. Rep. Juanita McDonald(D-37)...

CALPEEK'S MARKETPLACE NETWORK

● **Political law firm** seeks individual to provide daily accounting services and preparation of campaign and lobby disclosure reports. Accounting/political background preferred. Excellent benefits. Resume to: Deborah Hunt at Nielsen, Merksamer. Fax (415)388-6874; email dhunt@nmgovlaw.com. No telephone calls.

● **Diverse Strategies for Organizing (DSO)**, a public affairs firm specializing in community outreach, education and participation, is seeking a full time staff person to work on several exciting projects. Please fax resume to (323)349-0864.

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